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FOREIGN AGRICULTURE

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Feedgrain Trade Strengthens

Ireland's Farmers See Money In EC Livestock Markets

Foreign Agricultural Service
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This week's cover:

U.S. feedgrain shoots into the hold of a grain tanker on the west coast of the United States. For an analysis of the latest trends in world feedgrain markets, see story beginning on this page.

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Big crops find purchasers

World Trade Outlook Surges Up After Slow

By
ROGER E.
PUTERBAUGH

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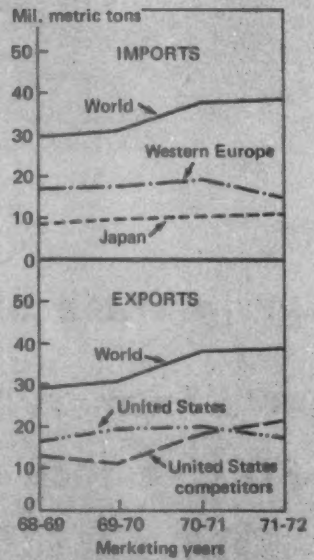
Greater import demand by the USSR and Eastern Europe has brightened the prospects for large international feedgrain shipments in the remainder of the current trading year (July-June 1971-72). Earlier, trading was hampered by bumper feedgrain production in several countries coupled with weak demand by the usual major importers. Late fall sales, however, indicate that traders could achieve shipments equal to or even exceeding last year's record exports of slightly over 46 million metric tons—which were, in turn, 20 percent above those of the year before.

International Feedgrain Trade



Country or region	69-70
Importers (net):	
Europe, West	4
Europe, East, and U	2
Japan	9
Others	5
Total imports	0
Exporters:	
United States	7
United States compe	
South Africa	9
Argentina	0
Mexico	2
Others	2
Total	3
Total exports	0
Gross world trade[2]	2
U.S. share of gross wo	ent
trade	6

[1] Estimate. [2] Exclud
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Feedgrains

Slo utumn Sales

The sale that marked the turning point in trade outlook was the agreement by the USSR with several international grain companies to purchase almost 3 million metric tons of feedgrains —mostly from the United States. (See *Foreign Agriculture*, Nov. 29, 1971.)

This sale indicates that large demand exists in the USSR and Eastern Europe despite average or above grain production from recently harvested crops. The reasons appear to be that the outturn of secondary feedstuffs (such as feed potatoes, fodder beets, and other forages) is down at the same time that livestock production programs have been stepped up. Also, although East European and USSR grain production is up from a year ago (but still only average), grain stocks are probably low. The USSR will apparently not continue its last year's role as a net exporter of feedgrains to Eastern Europe and its dominant supplier. In fact, recent USSR purchases indicate that the Soviet Union will be a large net feedgrain importer during this trading year.

Depending on the severity of the fodder and forage decline and the commitment of the USSR and East European governments to maintain and increase livestock feeding programs to provide more meat for domestic consumption, feedgrain purchases could climb. The total quantities of feedgrains the USSR and East European countries may need in the near future is the biggest question in the present world feedgrain import situation.

However, an indication of East European and USSR feedgrain demand is that—in addition to purchases from the United States—the USSR recently bought barley and corn from France, corn from Thailand, and barley and oats from Sweden.

Other positive influences on international feedgrain trading—though of lesser magnitude than USSR and East European demand—are requirements by some East African and Middle East countries to offset drought losses and probable expansion of livestock numbers and feeding rates in Taiwan, Korea, and Israel to take advantage of lower world feedgrain prices.

African countries from Sudan south to Malawi are already in the market for both corn and wheat. Iraq and Iran—experiencing drought for the second consecutive year—are both now importing substantially increased quantities of barley.

Taiwan is expected to import around 900,000 tons of feedgrains in 1971–72, and Korea may double its purchases over last year's level of about 300,000 tons because of reduced barley production and increased feed requirements. And Israel's feedgrain needs for 1971–72 could be 8 percent greater (over 65,000 tons more) than the 850,000 tons it purchased in 1970-71.

One of the adverse influences on world feedgrain trade this year is that gross import demand in Western Europe is expected to be below last year's 24 million tons. The chief reason for the expected decline is an increase of about 8.6 million tons in domestic coarse grain production.

However, as in Eastern Europe and the USSR, fodder and forage crops are reduced this year. Therefore, feedgrain import levels in Western Europe could be near last year's despite record feedgrain production.

Another damper on world feedgrain trade is the Japanese rice situation. (See *Foreign Agriculture*, Nov. 8, 1971.) This year the Japanese Government is heavily subsidizing the diversion of about 120,000 tons per month of surplus rice into mixed feeds, thereby reducing the consumption of imported feedgrains. Calculations are that the average annual growth rate of feedgrain imports to Japan of about 800,000 tons may be slowed to about only 200,000 tons in the current trading year.

Though Japanese subsidized rice disposal may decrease in the future because of subsidy cost, diversion of riceland to other crops, and poor rice-growing weather the last crop, the change is not likely to come in 1972. Stocks from the 1968 rice crop still were over 2 million metric tons as of November 1, 1971.

On the suppliers' side of world feedgrain trade, abundance is the keynote. For example, in the United States—the world's chief feedgrain producer and exporter—supplies are up 15 percent or more than 28 million tons over last year's low level.

At the same time, feedgrains available for export by the major competitors of the United States in the world feedgrain market are over 6 million tons greater than last year. About 3 million tons of the increase is corn from Argentina, Thailand, Mexico, and South Africa. Most of the remainder of the increment is barley from Canada, which is estimated at over 3 million tons greater than last year's exportable supply. Sorghum supplies are expected to be about the same as during the last marketing year without a repeat of the dramatic climb in Australian sorghum availabilities.

Feedgrain production in countries competing with the United States on world feedgrain markets has been stimulated by several situations. First, large acreage in Australia and Canada was diverted from wheat to feedgrains in an

(*Continued on page 16*)

in Trad Country or Group

	Marketing year			
				Change from 1970-71 to 1971-72
try or ion	1969-70	1970-71	1971-72[1]	1971-72
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*
t): st	24.4	19.7	14.8	−4.9
t, and U	1.2	1.5	7.6	+6.1
	10.9	10.4	10.6	+ .2
ports	6.5	6.6	5.4	−1.2
	38.0	38.2	38.4	+ .2
es	19.7	19.8	17.2	−2.6
s compet rica	.9	.8	3.1	+2.3
	8.0	7.7	8.3	+ .6
	.2	.2	1.2	+1.0
	9.2	9.7	8.6	−1.1
orts	18.3	18.4	21.2	+2.8
rade[2] gross wo	38.0	38.2	38.4	+ .2
	46.3	46.0	47.0	+1.0
	Percent 43.6	*Percent* 43.0	*Percent* 36.6	*Percent* −6.4

[1] Exclud ket intra

Plantation workers in New Britain, part of Papua New Guinea, separate cocoa beans from pods.

South Pacific Islands Diversify Farm Products But Must Import Foods

The Pacific island groups, long dominated both economically and politically by different European and Pacific powers, are more and more taking control of their own affairs. In agriculture this has meant that more commercial production is in the hands of the islanders and that attempts are being made to diversify production.

The Pacific islands stretch across one-third of the globe and range in size from New Guinea, the second largest island in the world, to tiny atolls with a few coconut palms.

In recent years many of the island groups have gained independence, and more of them are expected to do so in the next few years. Western Samoa, Nauru, Tonga, and Fiji are now independent.

Of the remaining colonial territories, the most likely to become independent soon is the Australian-controlled dependency of Papua New Guinea. France has been tenacious in holding on to its valuable territories—French Polynesia, New Caledonia, and the New Hebrides (which is administered jointly with the United Kingdom). U.K. territories have been considerably reduced—only the Solomon Islands and the Gilbert and Ellice Islands remain. The United States controls three small island groups—the U.S. Trust Territory in Micronesia, Guam, and American Samoa.

The total population of these islands is about 3.9 million. The Australian territory of Papua New Guinea accounts for almost two-thirds of this total and more than a third of the remainder is on Fiji. Some of the territories are quite small—the independent Republic of Nauru has 7,000 people.

The average annual growth rate of the area as a whole is about 2 percent. This is less than that of Latin America or Africa, but many islands are already seriously overcrowded—Tonga has more than 300 persons per square mile.

The traditional subsistence economy of the islands is based upon different starchy foods—yams, taro, sweetpotatoes, and sago are among the most important. But the most important commercial crop in the Pacific islands has been the coconut. The coconut is of value because of the oil extracted from the dried meat of the coconut, copra. This oil is an important ingredient in the manufacture of margarine, shortening, soap, and detergents.

Copra is produced by cutting the meat out of the coconut after drying in the sun or over a slow fire. It is then shipped abroad—the major world copra markets being the United States, the European Community, Japan, and the United Kingdom. A small part of the coconut is desiccated and used as a confection in cooking and baking.

The Pacific islands produce only a small proportion of the world's exportable copra supply. The Phillipines is by far the largest producer-exporter. However, it is very important to the economy of many of the island groups. It is the most important export of Tonga, Western Samoa, the Solomon Islands, the Cooks, and Niue. It is the most important agricultural export from the New Hebrides and French Polynesia.

An important trend is the increasing attention being given to commercial copra production by the islanders. More and more of the total acreage planted to copra and other commercial crops is in the hands of indigenous producers. However, yields among these growers are still lower than those of European planters so that they have a smaller percentage of total production than they do of acreage.

Copra production in the Pacific islands has not expanded greatly in recent years. It fell from 267,900 metric tons in 1966 to 255,700 in 1970 although it had reached a high of 285,200 metric tons in 1969. The Australian territory of Papua New Guinea is the largest producer—113,000 metric tons in 1970. Other fairly large producers are the New Hebrides (31,200 metric tons in 1970), Fiji (28,500 metric tons), and the British Solomon Islands (24,600 metric tons).

Most of the island groups are trying to diversify their agricultural production. Bananas are grown in Fiji, Western Samoa, and Tonga for shipment to New Zealand; French Polynesia is a major producer of vanilla beans; and cocoa is an important crop in some groups. Because of its large size and varying climatic regions, New Guinea's agriculture is particularly diversified.

Since 1966, coffee has replaced copra as New Guinea's major export. In that period the value of coffee bean exports

has more than doubled—from A$8.8 million in 1965–66 to A$20 million in 1969–70. Production continues to increase rapidly and is estimated to have reached 62 million pounds in 1970–71 compared with 53.9 million in 1969–70.

To alleviate the severe balance of payments deficit, the Australian Government has encouraged coffee growing in the mountainous sections of the northern part of the mainland of New Guinea to give the country a source of export earnings. Production has been encouraged because New Guinea has no international quota restrictions on exports. The administration is trying to push production to the highest possible level hoping to get a relatively large quota when the International Coffee Agreement expires in 1973.

The next most important New Guinea export is cocoa beans. While cocoa production has not expanded as rapidly as that of coffee, largely because of widely fluctuating prices and some problems with parasites, it overtook copra as an export earner in 1968–69 and is still growing. Total production is expected to reach 29,000 metric tons in 1970–71, an increase of about 35 percent over the previous year. The New Hebrides and Western Samoa also produce some cocoa.

New Guinea produces smaller quantities of other agricultural products including tea, rubber, and pyrethrum (used to produce insecticides). On July 14, 1971, a new $14-million oil palm project was opened on the island of New Britain, and this should contribute $7 million a year to export earnings within 5 years. A similar project with an initial investment of $6 million has been planned for the British Solomon Islands.

Fiji is the major example in the Pacific of a group in which a crop other than copra, in this case sugar, has come to dominate agricultural production and exports. Fiji's sugar industry, which accounts for 65 percent of its exports and employs more than 20,000 workers, is going through a difficult period. In recent years production of centrifugal sugar has fluctuated widely—from a high of 448,000 short tons in 1968–69 to 347,000 short tons in 1969–70, and about 400,000 short tons in 1970–71.

Although Fiji has a quota of about 45,000 short tons to supply sugar to the U.S. market, most of Fiji's sugar is sent to the United Kingdom. This market is expected to be altered by Britain's entry into the European Community.

In addition, the Colonial Sugar Refining Company, which has had monopoly control over Fiji's sugar production, became dissatisfied with conditions in Fiji and sold out its interests to the Government. The takeover is to be completed by April 1973. It may prove a problem for the Government since it is controlled by native Fijians and the sugar producers are primarily Indian farmers.

In spite of efforts at diversification, the agricultural economies of the Pacific islands face serious problems. Too many of the islands follow the old colonial pattern—producing one or two "cash" crops and then importing necessary, but expensive, food products such as rice and beef.

As the islanders become more Europeanized, they often adopt diets which depend on the importation of prepared foods they can ill afford. Only Nauru, the New Hebrides, New Caledonia, and American Samoa have favorable balances of trade. Many of the groups, such as New Caledonia, Nauru, and French Polynesia, would not be able to survive without imported food.

Old colonial ties have had a great deal of influence on the foreign trade of the islands. Traditionally, the plantation crops enjoyed protection in the market of the mother country. As a result, the copra and sugar and cocoa would go to England or France or Australia or New Zealand and from them the islands would purchase industrial goods and prepared foods. This was reinforced by the desire of resident Europeans to transplant their own taste and cultural patterns.

Although ingrained, these trade barriers are finally breaking down as the islands become independent. Other nations find it easier to secure a place in the commerce of the islands. However, the United States is being outsold by Japan and Australia.

Of the $70 million worth of commodities that the United States sold to the Pacific islands in fiscal 1970 all but $8 million was nonagricultural. By far the most important U.S. farm export was rice. In 1970 the United States sold almost $2.5 million to the Pacific islands, chiefly to the U.S. Trust Territory, Fiji, and French Polynesia. Other exports included fruits and vegetables, juices, canned meats, and poultry.

At present the largest market for U.S. farm goods in the area is French Polynesia. This market could probably be expanded except for restrictive regulations by the French Government. The only other markets with any significant imports from the United States are Fiji and the U.S. Trust Territory. New Guinea, the largest potential market among the Pacific islands, has hardly been tapped.

The markets for agricultural exports to the Pacific islands will never be very important on a world scale. However, average incomes are relatively high in some of the islands compared to other developing areas and almost all of them will continue to depend on imports of food. In the future, the most profitable market will be in high-quality processed foods to supply the expanding tourist industry. This has created a demand for U.S. products in Tahiti, in French Polynesia, and in American Samoa. As the tourist tide expands to other parts of the Pacific, this could become true of other islands as well.—D. B. B.

New Guinea man picks coffee berries in grove recently planted in the island's western highlands.

EC MEMBERSHIP PROFITABLE FOR IRELAND'S RICH

By EUGENE T. RANSOM
U.S. Agricultural Attaché
Dublin

Ireland plans to follow its big market, the United Kingdom, into the even bigger market of the European Community (EC) and Irish agriculture, particularly the livestock industry, will be a major beneficiary.

The United States, too, will benefit from this move. Feed materials, including soybeans, are the No. 1 U.S. export to Ireland. Under EC membership, Ireland plans to intensify its livestock industry. This will call for increased feeding and more grain utilization. Also, if Ireland's marketing pattern changes to where the 600,000 head of feeder cattle shipped to Britain annually are finished in Ireland as expected, grain consumption will receive a further boost. Of course, the U.S. position in the Irish market will have to be watched closely in relation to EC grain supplies and policies. The outlook for tobacco, the second big U.S. export to Ireland, will depend on Common Agricultural Policy (CAP) implementation.

The move to join the EC is not a new idea to the Irish, who faced the prospect twice in the sixties.

Two-thirds of the country's exports and more than half its imports are linked to the British market. Thus, with Britain edging closer to accession, the Irish feel there is nothing for their country to do but "follow the leader" and join also.

It still will be necessary, however, to hold a final debate and secure parliamentary approval of the move. Following this, a referendum must be held to iron out questions concerning sovereignty, neutrality, and constitutional reforms necessary to comply with EC regulations.

The Government already is fully committed to the EC and expects to receive an affirmative vote in the Chamber of Deputies and to carry the electorate at the referendum.

Ireland has accepted the EC's CAP and most other terms of entry. Some concessions have been made to Irish industry and other requested concessions are due for settlement shortly.

Therefore, if Britain enters the EC on schedule, Ireland will accede on January 1, 1973. This date will mark the beginning of a 5-year transitional period for agriculture.

The lack of opposition on the part of the Irish stems from the "no alternative" policy of the agricultural industry, the most important and vociferous element in Irish life. Although agriculture now accounts for less than a fifth of Ireland's gross national product (GNP), employs only a little more than a fourth of the labor force, and contributes less than half of total export earnings, entry is based largely on the benefits to agriculture and its ability to meet the challenge.

Livestock is Ireland's most important farm product, accounting for about 80 percent of farm output and employing the largest share of the rural work force. Ireland is the only country in Europe and one of the few in the world where the cattle outnumber the people.

A temperate climate, with a well-distributed, regular rainfall, and a fertile soil, combine to create the natural conditions for excellent grass growth on which the livestock industry is based. Presently, only very little Irish grazing land is adequately fertilized. Consequently, with increased fertilization and recent advances in silage-making techniques, the output of roughage would be adequate to feed more livestock.

Another factor in the livestock industry's favor is its disease-free status. The country has no foot-and-mouth disease or rinderpest. Bovine tuberculosis was eradicated in the early sixties, and the program to eliminate brucellosis is gaining impetus.

Livestock and meat exports earn a substantial share of Ireland's foreign currency—providing a fourth to a third of the nation's total exports. The Irish have been exporting live animals for centuries, but meat exports have become important in only two decades.

Britain is the major market, but for some time the United States has been an important outlet for manufacturing-type beef. High EC prices and access to the Continent will change the direction of Irish exports of some livestock products. However, the United States and Britain probably will continue to be important.

These conditions, according to Irish industry and Government leaders, will include increased prices and access to the markets of the Continent, which, in turn, will provide major benefits for the Irish livestock industry.

Cattle prices are expected to rise by more than 50 percent during the first 5 years. This alone would mean an additional $100 million or more to the economy. This figure, however, does not

Cutting oats with old-fashioned reaper. Bigger livestock industry will need more feedgrains.

Irish farmer drives cattle to market. Under the EC, Ireland plans to intensify livestock output.

BE IP PRESENTS

ABLICTURE TO

'S RICULTURE

Some Irishmen argue that the Government's statement could be erroneously interpreted as pessimistic because, although the Community's basic hog price has not been much above Ireland's hog prices in recent years, actual EC market prices have been well above those prevailing in Ireland. Ireland's good climate and associated low housing costs are among the advantages for Irish pig farmers.

However, disadvantages will arise in production and processing. Ireland's herds are smaller than those of most other EC members and about 70 percent of the weaners change hands, making it difficult to control disease, and raising the handling and production costs. At the processing level, Ireland has too many plants—37 in all—and while the average kill was 51,000 hogs last year, slaughterings in individual plants ranged from more than 100,000 in two to under 25,000 in nine.

Fertile soil, good climate, and a long tradition of livestock husbandry give Ireland a great potential to capitalize on the opportunities that will come with EC membership. With accession a large part of the $250 million budget to support agriculture and farm problem areas will be switched to the EC.

Ireland has negotiated a generous transitional arrangement in Brussels. Its first year's contribution to the Brussels budget will be about $11 million, rising to about $40 million annually after 8 years. However, from the first year, Ireland will get back about $75 million in export and other subsidies from the common fund.

The Irish will go into the transition period on the crest of a decade of agricultural progress. Fertilizer use has more than doubled, cattle numbers have spiraled from 4.7 million to 6.1 million, the numbers of tractors and forage harvesters have increased, farms are getting larger, and more farmers are becoming agribusinessmen.

In January-June 1971, agricultural exports increased about 25 percent over the same period the previous year. Things are definitely looking up, down on the farm. The balance and stability offered through the price structures of the EC should enable Irish producers to invest with a new air of confidence.

not include extra inputs that will result partly from eliminating some subsidies.

Production, too, is expected to respond to the price rise. Cautiously optimistic predictions are for about a 30-percent expansion in 5 years. However, an expansion of this magnitude will take extra capital for investment in breeding stock and sheds, which might present a problem.

One possible—though disputed—consequence of membership could be the virtual disappearance of the long-established feeder trade with Britain. If British deficiency payments are abolished and Irish grasslands developed, it will make more economic sense to ship Irish cattle on the "hook" rather than the "hoof." This would increase employment and expand the meat processing and byproduct industries in Ireland.

However, along with expansion would be problems of quality and continuity of supply, distribution, and marketing. To solve these would require coordinated actions by producers, processors, and marketers. The emergence of some cooperative meat plants and the establishment of a Government-sponsored Livestock and Meat Commission suggest that there is already a framework for such action.

Prospects for sheep production—undoubtedly the most disappointing farm enterprise of the last decade—look very good under the EC according to Irish farm leaders. An enlarged Community is expected to have a substantial deficit in mutton and lamb supplies. Ireland, as a member, will enjoy duty-free access to this market.

Since the mutton and lamb market is not yet organized as part of the CAP, it is difficult to estimate price changes in Ireland with membership in the EC. However, during 1970, Irish lamb prices were about 70 percent below those prevailing in France. If Irish prices rise to the French level, there could be a dramatic increase in production of hill lambs where there is little competition from other enterprises. Such price rises also could boost lowland flocks, since this enterprise requires a smaller volume of capital investment than the cattle industry.

Predictions on hog output under EC membership are optimistic although the only real agreement is that both hog and grain prices will rise. A Government white paper assessing the industry's prospects more than a year ago stated that "because of the likely increase in feed costs and the level of the basic price for pigmeat fixed for the Community there may be some reduction in the rate of profit per hog but this could be offset by more efficient production units."

South Africa Expects New Record Wheat Crop In 1971-72

By WILLIAM R. HATCH
U.S. Agricultural Attaché
Pretoria

Under a system of quasi-governmental control and high guaranteed prices, South African wheat production is expected to reach 1.5 million metric tons in 1971–72, up from 1.37 million tons in 1970–71—itself a record outturn. From a country that has imported up to 651,000 tons in 1 year (1966–67) South Africa now has moved to surplus production from which some flour exports are being made to neighboring countries.

Although South Africa has made sizable wheat purchases from the United States (340,800 metric tons in 1966–67, for example), it is not a regular market for U.S. wheat, and growth of South African production should have little direct impact on the U.S. wheat trade.

(In addition to the United States, Canada and Australia also sold wheat to South Africa in past years.)

New short-straw varieties of wheat, improved cultural practices, increased acreages, and the Government's price policy are largely responsible for the substantial increases in production over the past several decades.

South Africa's production levels have more than doubled since the mid-1950's when they fluctuated year to year from a low of 586,000 tons to 830,000 tons.

However, a firm uptrend began in 1967–68 and production has set a new record each year since then. In thousands of metric tons, wheat production between 1967–68 and 1970–71 (including an estimate of the 1971–72 crop) follows:

1967-68	1,100
1968-69	1,272
1969-70	1,328
1970-71	1,374
1971-72[1]	1,515

[1] Official Wheat Board estimate.

Although some wheat is grown over a wide area of the country, there are basically three large commercial wheat-growing regions:

- The Western Cape, a large traditional winter wheat area, usually producing over half South Africa's total wheat output.
- The large winter wheat area adjoining the Maize Triangle. Lying mostly in the Orange Free State, but overlapping into the Transvaal, this area produced the largest portion of South Africa's wheat crop in 1970-71.
- The irrigated areas of the Transvaal and Northwestern Cape. At present of less importance than the other regions, they are of growing value as wheat producers. Wheat is often grown in rotation with tobacco, vegetable crops, and cotton, and, at times, as a winter crop.

Wheat consumption has also risen steadily. This is partly because of a population increase. Another factor is the rise in the standard of living and a related boost in the use of wheat to replace corn in the diets of South Africa's non-European citizens.

South African wheat consumption, in thousands of metric tons, for the past six seasons was:

1965-66	1,140.8
1966-67	1,158.1
1967-68	1,229.2
1968-69	1,263.4
1969-70	1,311.0
1970-71	1,350.0

This puts production and consumption just about in line for the years 1968–69 through 1970–71—1.2 million tons in 1968–69 and 1.3 million tons in 1969–70 and 1970–71. During this period imports were largely limited to special quality wheats for specific uses such as durum for pasta. However, because of an expected shortage, some 140,000 tons were imported from Canada and Australia in 1970–71.

The high level of production at that time resulted in a carryover at the end of the year. The expected production of 1.5 million tons in 1971–72 will also result in a total supply well above present anticipated consumption needs.

Because of its growing on-hand supply, South Africa is able to export. The first sale of any consequence was 1,275 tons of flour to Zambia in 1971.

The South African Government influences production, imports, and exports through the country's Wheat Board, established in the 1930's.

A marketing act in 1937 had established semigovernmental control boards for all major agricultural commodities. Under this act and its subsequent revisions, a wheat control scheme, already functioning under the Wheat Industry Control Act of 1935, had been continued. As one element of this scheme, a Wheat Industry Control Board was established with wide powers, most of them, however, limited by the Ministry of Agriculture.

The Wheat Board was given authority to purchase, to sell, and to distribute all wheat; to set prices for the year ahead; to appoint agents; to impose levies (not to exceed about 4.2 U.S. cents per bushel); and to establish grades, standards of quality, packaging, and methods of marketing. The Board controls and regulates all imports.

In effect, the Board, after establishing prices, purchases all of South Africa's wheat through agents. In recent years 95 percent of all wheat has been purchased by cooperative groups.

According to Wheat Board policy the price of wheat is supposed to correlate to average production costs. These vary considerably on different farms and between regions.

These prices have been on an uptrend for the past several years. Depending on grade, the prices paid by the Wheat Board in 1968–69 and 1969–70 ranged from $2.57 to $2.74 per bushel. In 1971–72, they are expected to rise to a range from $2.79 to $2.96 per bushel.

With improved yields, an increase in irrigated acreage, and some shift in land use from corn to wheat, production will probably continue to rise. While shortages may occur in years of unfavorable weather conditions, general trends indicate that, given present price policies, production will be higher than consumption, and it will be necessary to export on a subsidized basis reasonable quantities of wheat.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 29	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.02	+1	[1] 2.06
USSR SKS-14	1.89	0	2.06
Australian FAQ	1.66	0	1.88
U.S. No. 2 Dark Northern Spring:			
14 percent	1.92	0	2.07
15 percent	1.94	([2])	2.10
U.S. No. 2 Hard Winter:			
13.5 percent	1.78	−2	1.97
No. 3 Hard Amber Durum	1.85	+2	2.01
Argentine	1.81	−3	([2])
U.S. No. 2 Soft Red Winter	1.74	0	1.88
Feedgrains:			
U.S. No. 3 Yellow corn	1.43	−2	1.80
Argentine Plate corn	1.56	−3	1.95
U.S. No. 2 sorghum	1.52	−2	1.64
Argentine-Granifero sorghum	1.54	−2	1.65
U.S. No. 3 feed barley	1.27	−3	1.56
Soybeans:			
U.S. No. 2 Yellow	3.43	0	3.27
EC import levies:			
Wheat [3]	[4] 1.56	−3	1.36
Corn [5]	[4] 1.10	+2	.67
Sorghum [5]	[4] .95	−2	.70

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

FATS, OILS, AND OILSEEDS

Spain Announces Regulations For 1971-72 Oil Season

The Spanish Government has announced its regulations for the 1971-72 oil season, ending October 31, 1972. In general, the new regulations are identical with those of the previous season—they cover oil olives, oil foots, peanuts, sunflowerseed, cottonseed, soybeans, safflowerseed, rapeseed, the oils of these seeds, and all other edible or inedible fats and oils whether produced domestically or imported.

The regulation sets support prices for domestically produced virgin olive oil and sulfur olive oil, as well as other vegetable oils. It also determines olive oil grades that may be used for human consumption and sets refining standards.

The 1971-72 rules granted a moderate increase in support prices for olive oil but left unchanged the prices for sulfur olive oil, seed oils, and soybean oil.

Brazil's 1971 Castor Output Reported Less Than Normal

Preliminary estimates indicate that Brazil's 1971 castorseed crop probably approximated 285,000 tons, 20,000 tons below the 305,000 tons estimated to have been harvested in 1970 and well below what is considered a normal crop of 330,000 to 350,000 tons. Brazil normally accounts for 40 to 45 percent of world production of castorseed.

In the south of Brazil, this year's crop was harvested late because of extreme rainfall at the end of the season. Harvesting was still taking place as plantings for the next crop began in early September. In the northeast, lack of rain caused almost total failure of the crop in some areas.

Generally, when the price of seed is high, as it has been in 1971, another 10,000 to 20,000 tons may come on the market, but given the unusual weather conditions this year there might not be much additional quantity.

Even though the United States was out of the Brazilian market for some time because of the U.S. dock strike, the Brazilian export price remained high. In addition to the short supply situation, other buyers have contributed to the firmness of the price. For example, in early September the Soviet Union purchased 6,000 tons, causing the price to jump substantially.

In view of the reduced crop, exports during calendar 1971 are expected to total only about 110,000 to 120,000 tons, compared with 153,500 tons in 1970 and 184,300 tons in 1969.

Peruvian Fishmeal And Oil Situation

Peruvian exports of fishmeal fell to 1.15 million metric tons in January-September 1971 as against 1.56 million during the same 9 months in 1970. The decline in exports was equivalent to the protein in 26.9 million bushels of soybeans.

Fishmeal supplies in calendar 1971 are estimated at 2.51 million tons compared with 2.56 million tons in 1970. Although 1971 production is estimated at only 1.85 million tons compared with 2.25 million tons in 1970, stocks on December 31, 1971, are likely to be slightly above the unusually large 660,000 tons of a year earlier.

No appreciable increase in fishmeal production is anticipated in 1972 if the Peruvian fleet maintains the present catch quota. However, fishmeal exports could easily increase by 200,000 tons if stocks are normalized. Fish oil exports from Peru through September of this year at 174,610 tons were sharply above the 148,076 tons exported a year earlier.

Mexico Exports Safflowerseed For First Time in 4 Years

Mexico recently sold 15,000 metric tons of safflowerseed for export from its record 1971 production of 435,000 tons.

This will be the first shipment of safflowerseed from Mexico in 4 years and may well indicate a state of self-sufficiency for oilseeds and oils in 1972 with a consequent reduction in imports of cottonseed and soybeans from the United States. Expectations are, however, that a growing demand for high protein feeds will require Mexico to continue to import oilcakes and meals.

Senegalese Peanut Crop Above Earlier Expectations

Senegal's commercial peanut crop is now expected to reach 750,000-800,000 metric tons, in-shell basis. This is considerably above earlier estimates of 650,000-700,000 tons and last year's very small crop of 447,000 tons. In terms of oil equivalent, it means an increase of 100,000 to 110,000 tons in 1972 over 1971 availabilities.

COTTON

U.S. Textile Imports Up Despite Dock Strike

Textile imports through the first 10 months of 1971 were 36 percent greater than in the same period of 1970, although imports in the month of October were affected by the dock strike and were down 38 percent from September. The trade deficit in the textile account amounts to $1,452 million, up 35 percent from the deficit in the same months of 1970.

In the first 10 months of 1971, wool textile imports continued their downward trend, and cotton increased only 2 percent compared to last year. Manmade fiber textile imports, on the other hand, increased 60 percent over the same period of 1970. Imports of manmade fiber textiles continued to rise sharply. Imports from Taiwan were up 77 percent; from Japan, 76 percent; from Korea, 64 percent; and from Hong Kong, 28 percent.

Memorandums of Understanding governing exports of manmade fiber and wool textiles were signed with these four countries in October and are in the process of implementation. Although no formal bilateral agreements have yet been signed, U.S. officials hope they will be completed by the year's end.

FRUITS, NUTS, AND VEGETABLES

West Germany Announces Tenders For Imports of Canned Asparagus

West Germany has announced two tenders allowing imports of canned asparagus spears from the United States, Argentina, Australia, Brazil, Israel, Japan, Canada, Mexico, Peru, Switzerland, Spain, South Korea, Taiwan, Thailand, and Uruguay. Applications for import licenses can be submitted until April 26, 1972.

Import licenses issued under the first tender will be restricted to applicants who received licenses under a tender announced in August. Import licenses issued under the second tender will be confined to firms not eligible under the first. Import licenses issued will be valid until April 31, 1972.

French Canned Fruit Pack Shows Sharp Increase

France reports a larger canned deciduous fruit pack in 1971. Total production is estimated at 2,964,000 cases (basis 24 No. 2½ cans), 28 percent above the 1970 pack of 2,320,000. Record 1971 packs of mixed fruits and peaches totaled 1,225,000 and 524,000 cases, respectively. Production of canned apricots increased in spite of heavy June rains which reduced processing yields.

FRENCH PRODUCTION OF CANNED DECIDUOUS FRUIT[1]

Item	1968	1969	1970	1971[2]
	1,000 cases[3]	*1,000 cases*[3]	*1,000 cases*[3]	*1,000 cases*[3]
Mixed fruit	574	631	993	1,225
Peaches	372	355	441	524
Cherries	294	314	407	517
Pears	238	292	377	453
Apricots	224	68	102	245
Total	1,702	1,660	2,320	2,964

[1] Sirup packs only for all items except RSP cherries. RSP cherry statistics include sirup and water packs. [2] Estimated. [3] 24 No. 2½ cans.

France is a net importer of canned deciduous fruit. Imports of canned apricots, peaches, pears, and mixed fruit in 1970 totaled 452,600, 168,300, 84,200, and 66,100 cases, respectively, against exports of 10,900, 20,100, 36,400, and 62,100. Greece and Morocco were the major suppliers of canned apricots. Greece was the principal source of peaches; Italy, of pears and mixed fruit. The European Community is the major market for French canned fruit exports.

SUGAR AND TROPICAL PRODUCTS

Colombia's Coffee Crop Reduced by Rains

Excessive rainfall in coffee-producing areas in recent months has reduced Colombia's coffee crop. Some areas have been particularly hard hit while others are experiencing normal to above-normal crops. Some national coffee experts are estimating a 10-percent decrease for the current crop. Several studies are underway to determine a more accurate estimate of damages.

A major item for discussion and action at the Annual Congress of Coffee Growers, held November 22-26, was relief for coffee farmers who suffered losses. The Government raised the internal support price by approximately 8 percent.

Bolivia Exports Full Coffee Quota

Bolivia exported its full quota of 53,628 bags (60 kg. each) under the International Coffee Agreement (ICA) for the 1970-71 coffee year ending September 30. The total value of

such exports was about US$3 million. Exports this year were mainly in the month of September, whereas they are usually spread over the last 6 months of the coffee year.

Coffee trade had been paralyzed by the decreed monopoly of the coffee trade under INBOLCA, a Government agency. The monopoly was ended after the change of government in August. Exportation of coffee was resumed after coffee trade was returned to private enterprise. The ICA quota for the year ending September 30, 1972, is 65,000 bags for Bolivia.

TRADE POLICY

Yugoslavia Revises Surcharge List for Agricultural Imports

Increased charges were recently announced for 60 of the 88 agricultural items listed for import surcharges on March 31, 1971, and 16 new commodities were added. Among the agricultural commodities of interest to U.S. exporters, only leaf and pipe tobacco are included on the new list. Tobacco is currently beginning to move under CCC credit.

Total U.S. agricultural exports to Yugoslavia during 1970 amounted to $42.3 million, with soybean oil and meal and hides the principal items exported.

Spain Extends Suspension of Import Duties on Farm Products

The Spanish Government has extended from November 1, 1971, until January 31, 1972, the total suspension of import duties on a variety of farm commodities. These include fresh milk and cream, nonconcentrated and unsweetened; green coffee beans; soybeans; seeds, spores, or fruits for planting; sainfoin, alfalfa, lovegrass, hardinggrass, orchardgrass, and fescues; eggplant, onions, broad beans, melons, and watermelons; clovers, vetches, coles (including cauliflowers), tomatoes, and peppers; sugarbeets; and whole or split raw cocoa beans.

TOBACCO

Will End of Trade Embargo Help Rhodesian Tobacco Expansion?

Now that Rhodesia and the United Kingdom seem to be near to healing their relations caused by Rhodesia's Unilateral Declaration of Independence (UDI) in 1965, speculation in the tobacco industry is bursting. The significant question being asked in Rhodesian tobacco circles is: Will trade be resumed on a normal basis and how fast should tobacco production be expanded?

After Rhodesia's exports were embargoed by the United Nations following UDI, production fell from 233 million pounds in 1965 to an estimated 132 million for the current crop which will be harvested about March 1972.

According to the "Rhodesia Herald," the tobacco trade thinks it would be folly on the part of growers to expand too rapidly. With flue-cured stocks estimated at 300 million pounds, the trade feels that too rapid expansion in production would result in chaotic marketing and depressed prices. Buying companies feel they could cope with a crop of 200 million pounds in the coming season and a "normal" one of about 240 million pounds in the next. Most merchants feel that expanded production should be spread over 4 years at the rate of about 25 percent each year.

Opinions also differ as to whether the world's manufacturers, especially those in Britain, will flock back to Rhodesia in haste once the auctions are free of the present emergency controls. Time is required to change the composition of cigarette blends without upsetting smokers. And major buyers have located alternative sources of supply in recent years.

Rhodesia exported about 200 million pounds of flue-cured tobacco in 1955. Exports in 1971 are estimated at about one-third that amount.

LIVESTOCK AND MEAT PRODUCTS

Japanese Announce Beef Quota For Second Half of Fiscal 1972

The Japanese Ministry of Agriculture and Forestry has announced its decision to increase the import quota for beef during the second half (October-March) of the Japanese fiscal year to 22,000 tons. This compares with a quota of 14,000 tons for the first half of the fiscal year.

The Ministry said the semi-official Livestock Industry Promotion Corporation would be authorized to use 15,000 tons of the quota for local distribution to stabilize market prices. The remaining 7,000 tons would be allocated to private beef importers as usual.

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Conglomerates—Sweden's New Look in Cooperatives

Farmers in the northern reaches of Sweden are beset by the natural rigors of the arctic weather, loneliness imposed by the sparseness of the population, and privations resulting from the harsh character of the land.

To help overcome some of these hardships, Swedes have, in past years, developed many different kinds of cooperatives. Now, farmers in the southern areas of Norrland—the country's northermost geographic region—have taken this development one step further with the creation of Sweden's first multipurpose conglomerate cooperative.

Named the Producers' Cooperative Society for Lower Norrland (NNP), its activities include the operation of a retail chain, dairies, a bakery, and slaughter plants. It also sells farm implements and other farm inputs and building supplies.

The retail chain includes a department store, 23 supermarkets, two restaurants, a paint store, and a number of small specialty stores such as a bookstore, a glass and china shop, a stationery shop, and a flower shop, to mention most of them. The cooperative also wholesales a number of products all over Sweden, including canned goods, cheese, and bakery products.

Today, the NNP has 12,000 members and employs about 1,600 workers. Its annual business amounts to the equivalent of almost $80 million. Planning, coordination, marketing, information and public relations, and transport are handled centrally to meet the needs of the various elements. Management is under a single director who is responsible to a board of member farmers.

The conglomerate was formed by the Norrlanders because of the general economic and population decline in Lower Norrland, and because the founders—both management and members—sought a larger role in local affairs than had been possible under the previous system of single-purpose cooperatives joined together only in part and only at the national level.

The leadership of the NNP aims to increase the conglomerate's profitability by greater coordination of its activities, by making better use of its resources, and by reducing costs and overhead expenses, while at the same time offering improved service to its members. Already the organization has achieved striking success in its transport operations—by using milk-collecting trucks for return hauls of freight and goods and trucks generally to deliver whole-range household needs in contrast to usual delivery systems handling a limited variety.

If the NNP's objectives are realized, it will have given Swedish farmers another option in their continuing effort to achieve equality of opportunity and the same high standard of living now common in the cities.

—By HUGH V. ROBINSON
U.S. Agricultural Attaché
Stockholm

Feedgrain Outlook

(Continued from page 3)

effort to reduce wheat carryovers. Second, short supplies last year raised prices and encouraged greater feedgrain plantings this year. Third, rainfall patterns in parts of Australia the past 3 years have been better suited to raising sorghum than wheat.

This increase in competition for feedgrain markets continues an existing trend. Since the early 1960's, the competitors of the United States have almost doubled their shipments—from 9.8 million tons in 1963–64 to over 18 million tons in 1970–71. Their shipments will probably increase again this marketing year.

Meanwhile, the U.S. feedgrain export effort this season has been seriously hampered by the east and gulf coast dock strikes. The July–June total for U.S. feedgrain exports will probably be somewhat under the 19.8 million tons shipped in the same period last year.

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